

## Message Text

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PAGE 01 GABORO 00355 091740Z  
ACTION AF-08

INFO OCT-01 ISO-00 OPIC-03 EB-08 COME-00 OES-06 /026 W  
-----091758Z 112455 /53  
R 091355W FEB 77  
FM AMEMBASSY GABORONE  
TO SECSTATE WASHDC 9439

LIMITED OFFICIAL USE GABORONE 0355

OPIC FOR PARNELL

EO 11652: N/A  
TAGS: EINV, BC, LT, WZ  
SUBJECT: U.S. INVESTMENT IN BLS

REF: STATE 027747

1. IN FEBRUARY 8 AND 9 CONVERSATIONS WITH MPO STEVENS (DIRECTOR OF ECONOMIC AFFAIRS FINMIN) AND CHARLES JOHNSON (ECONOMIC ADVISOR MINISTRY OF MINERALS) EMBOFF DISCUSSED POSSIBLE

IMC CORPORATION INVESTMENT IN BOTSWANA. BOTH OFFICIALS WERE ENTHUSIASTIC ABOUT THE POSSIBILITY AND COULD SEE NO POLITICAL PROBLEM WITH PROCESSING SOUTH AFRICAN CHROME HERE.

2. INFORMATION REQUESTED:

A. INTERNAL CORPORATE TAX RATES IN BOTSWANA ARE THIRTY-FIVE PERCENT OF PROFITS PLUS FIFTEEN PERCENT WITHHOLDING TAX ON REPATRIATED DIVIDENDS.

B. POWER - BOTSWANA DOES NOT NOW HAVE AN EXTRA 42 MEGAWATT CAPACITY AND PRESENT COSTS ARE HIGH, I.E. THREE TO FOUR CENTS A KILOWATT HOUR. HOWEVER, A NEW POWER UNIT COULD BE ADDED TO SELEBI-PIKWE (UTILIZING COAL FROM MORUPULE COLLIERY)  
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WHICH WOULD BRING DOWN COSTS CONSIDERABLY, PARTICULARLY IN CASE OF CHCOME PLANT WHOSE CONSTANT 24-HOUR DEMAND FOR POWER WOULD PROVE ECONOMICAL. TOO, GOVERNMENT WILLING TO NEGOTIATE WITH INVESTORS FOR FAVORABLE RATES.

C. RAIL RATES - RAILWAY OFFICIALS NOW CHECKING FOR EMBASSY

AND WE HOPE TO HAVE FIGURES BY FEBRUARY 10. ACCORDING TO JOHNSON, AS IN QUESTION TF POWER COSTS, RAILWAY RATES ARE PRIBABLY HIGH, BUT GOB IN POSITION TO NEGOTIATE RATES MORE FAVORABLE TO INVESTOR.

3. JOHNSON ADDED THAT, WITH PLANNING, SUFFICIENT WATER EXISTS IN EASTERN PART OF BOTSWANA TO SUPPLY THE PLANT. TOO, GOB WOULD UNDERTAKE TRAINING OF LABOR FORCE WERE PLANT TO BE LOCATED HERE. HE THOUGHT PROBLEMS OF CONVERSION FROM PULA TO RAND WOULD PROVE MINIMAL. FINALLY JOHNSON STRESSED THAT GOB TAKES INTO ACCOUNT SPECIAL PROBLEMS OF INVESTORS ON CASE BY CASE BASIS, THAT TERMS CAN BE DISCUSSED WITH FLEXIBILITY. THEREFORE, NO PUBLISHED INFORMATION ON SUCH QUESTIONS AS POWER AND RAIL RATES IN BOTSWANA WOULD BE USEFUL.

4. SUGGEST THAT IMC DIRECT FURTHER INQUIRIES EITHER THROUGH EMBASSY OR TO JULIAN NGANUNU, PERMANENT SECRETARY, MINISTRY OF MINERAL RESOURCES AND WATER AFFAIRS, PRIVATE BAG 0018, GABORONE, BOTSWANA. WILL FOLLOW UP ON POWER RATES.  
NORLAND

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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